



Annual Report

Petroleum Retention Licence (PRL) 1

Onshore Otway Basin, South Australia

Term 3, Permit Year 4 (10 January 2018 – 9 January 2019)

Date March 2019

Distribution Department for Energy and Mining, South Australia

Contents

1	Introduction	3
2	Licence Summary	3
3	Regulated Activities	3
4	Compliance Issues	3
	4.1 Licence and Regulatory Compliance	4
	4.2 Compliance with Statement of Environmental Objectives (SEO)	4
5	Management System Audits	4
6	Report and Data Submissions	4
7	Incidents	5
8	Threat Prevention	5
9	Future Work Program	5
10	Expenditure Statement	6

1 Introduction

Petroleum Retention Licence 1 (PRL 1) is located around the Wynn Field in the onshore Otway Basin, South Australia. The Annual Report for PRL 1 summarises the work conducted during Licence Year 4 of the second renewal term which corresponds to the period 10 January 2018 to 9 January 2019 and has been prepared to comply with the Regulation 33 of the Petroleum and Geothermal Energy Act 2000 (the Act).

2 Licence Summary

PRL 1 was originally granted to Origin Energy Resources Ltd (26.415%) and SAGASCO Southeast Inc (73.585%) for a five year term commencing 10 January 2005.

Origin and SAGASCO completed a transaction transferring the rights to PRL 1 to Adelaide Energy Limited in late 2008 subject to Ministerial approval, which was granted in June 2009.

The first renewal of PRL 1 was granted for a five year term commencing on 10 January 2010. The second renewal of PRL 1 was granted for a five year term commencing on 10 January 2015. Adelaide Energy Pty Ltd (a wholly owned subsidiary of Beach Energy Limited) holds 100% interest in PRL 1.

During the second renewal term of PRL 1 the following work is to be carried out:

- Establish the nature and extent of a discovery of regulated resources except a source of geothermal energy; and
- To establish the commercial feasibility of production and appropriate production techniques; and
- Other regulated activities specified in the licence.

3 Regulated Activities

Pursuant to Regulations 33(3)(a) An annual report must include -
“a summary of the regulated activities conducted under the licence during the year”

Maintenance and integrity activities undertaken during the reporting period include:

- Routine annulus pressure surveys
- Routine wellhead maintenance

4 Compliance Issues

Pursuant to Regulations 33(3)(b) & (c) An annual report must include -
“a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives;” and
“a statement concerning any action to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of recurrence of any such non-compliances.”

4.1 Licence and Regulatory Compliance

The licensee complied with the Licence Conditions for PRL 1, the Act, the *Petroleum and Geothermal Energy Regulations 2013* and the relevant Statements of Environmental Objects (SEO) during the reporting period.

4.2 Compliance with Statement of Environmental Objectives (SEO)

Monitoring and maintenance activities conducted in the retention licence must comply with the *Statement for Environmental Objectives for the Production and Processing of Petroleum Products and Associated Activities at the Katnook and Ladbroke Grove Gas Plants, Otway Basin South Australia* (Adelaide Energy, April 2011). A summary of compliance with the SEO is provided in Appendix 1.

5 Management System Audits

Pursuant to Regulation 33(3)(d) An annual report must include-

"a summary of any management system audits undertaken during the relevant licence year including information on any failure or deficiency identified by the audit and any corrective actions that has, or will be taken".

No management system audits specific to PRL 1 were undertaken in during the reporting period.

6 Report and Data Submissions

Pursuant to Regulation 33(3)(e)(i) An annual report must include -

"a list of all reports and data relevant to the operation of the Act generated by the licensee during the licence year".

Annual Report (Regulation 33)

Description of Report/Data	Date Due	Date Submitted	Compliant
PRL 1 Annual Report (Term 3, Year 3)	9 March 2018	9 March 2018	Yes

7 Incidents

Pursuant to Regulation 33(3)(f) An annual report must include -

“In relation to any incidents reported to the Minister under the Act and these Regulations during the relevant licence year -

- (i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged; and
 - (ii) an overall assessment of the effectiveness of any action taken to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, or to minimise the risk of recurrence of any such non-compliance”.
-

There were no reportable or serious incidents during the reporting period within the permits, in accordance with the definitions provided in Section 85(1) and Regulation 32 (1) of the Act.

8 Threat Prevention

Pursuant to Regulation 33(3)(g) An annual report must include -

“a report on any reasonably foreseeable threats (other than threats previously reported on) that reasonably present, or may present, a hazard to facilities or activities under the licence, and a report on any corrective action that has, or will be taken”.

There are no new threats to report.

9 Future Work Program

Pursuant to Regulation 33(3)(h) An annual report must include -

“unless the relevant licence year is the last year in which the licence is to remain in force - a statement outlining operations proposed for the ensuing year”.

Pursuant to Regulation 33(3)(j) An annual report must include -

“in the case of a production licence - an assessment of the development activities proposed to be undertaken under the licence, including the number of completion reports that are expected to occur, during the ensuing licence year, or such longer period as the Minister may require”.

During 2019, Beach will continue to evaluate the nature and commercial feasibility of the Wynn Field. Routine well integrity maintenance and testing will be conducted on Wynn 2 and annuli pressures will be recorded regularly.

10 Expenditure Statement

Pursuant to Regulation 33(4)

“An annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year.”

Please refer to Appendix 2 for the expenditure statement for the current reporting period.

Appendix 1

Compliance with the Otway Basin SEO for the Production & Processing Petroleum Products & Associated Activities

Objective	Assessment Criteria	Compliant / Non-compliant	Comments
1. Avoid surface water, groundwater and soil contamination	<p>No contamination of surface water, groundwater or soil as a result of operation activities</p> <p>No spills outside areas designed to contain them</p> <p>No crossflow behind casing in production wells</p> <p>Water reinjection from evaporation ponds in compliance with EPA licence conditions</p> <p>No evidence of impacts to soil, water and vegetation as a result of water disposal (i.e. soil erosion, dead vegetation, water discoloration) or pipeline operation/ maintenance</p> <p>All domestic wastes are disposed of in accordance with EPA licensing requirements</p> <p>No evidence of rubbish or litter on easement or at facilities.</p> <p>For excavations, surface drainage profiles restored</p> <p>For existing easement, drainage is maintained to pre-existing conditions or better</p>	Compliant	<p>Surface drainage maintained via culverts on access roads.</p> <p>In the event of a spill, the spill was:</p> <ul style="list-style-type: none"> ▪ Contained ▪ Reported ▪ Cleaned-up ▪ Cause investigated and corrective and/or preventative action implemented
2. Minimise disturbance to native vegetation and	Species abundance and distribution on reinstated areas is consistent with the surrounding area (assessment will take into account that regrowth is a time and rainfall dependent process)	Compliant	Maintenance and rehabilitation activities confined to existing disturbed areas.

native fauna	<p>'Significant environmental benefit' obligations for native vegetation clearance satisfied / implemented.</p> <p>No rare, vulnerable or endangered fauna removed without appropriate permits</p> <p>No removal of habitat for rare, vulnerable or endangered fauna without appropriate permits</p> <p>Native fauna injuries and casualties due to operations are restricted to as low as reasonably practical</p> <p>Site rehabilitation results in native vegetation to be consistent with surrounding area</p>		
3. Avoid the spread of weeds and pathogens	<p>No new weed/pathogen or pest infestations due to site activities reported</p> <p>The presence of weeds and pathogens at facility sites and on pipeline easements is consistent with or better than adjacent land</p> <p>No new introduction or spread of weeds, pathogen or pest plants and animals due to operational activities</p>	Compliant	No new outbreak or spread of weeds/pathogens associated with production activities recorded during the reporting period.
4. Avoid disturbance to sites of Aboriginal and European heritage significance	No unauthorised disturbance to Aboriginal or European heritage areas	Compliant	<p>Maintenance and rehabilitation activities confined to existing disturbed areas.</p> <p>No disturbance of heritage areas during the reporting period.</p>
5. Minimise the risk to the public and other third parties	Reasonable measures implemented to ensure no injuries or incidents involving the public or third parties	Compliant	There have been no injuries or incidents involving the public during the reporting period
6. Avoid disturbance to stakeholders and their associated infrastructure.	<p>No unresolved reasonable complaints from stakeholders.</p> <p>No un-remediated subsidence due to pipeline maintenance operations</p> <p>No new evidence of subsoil on surface due to pipeline maintenance operations</p>	Compliant	There have been no unresolved stakeholder complaints during the reporting period.

	<p>No new evidence of soil compaction due to pipeline maintenance operations</p> <p>Soil is consistent with the surrounding areas and no unresolved reasonable complaints from stakeholders</p> <p>The extent of soil erosion on the easement is consistent with surrounding land.</p>		No issues associated with soil management in the licence area.
7. Minimise atmospheric emissions	<p>Compliance with the <i>Environment Protection Act 1993</i></p> <p>No reasonable stakeholder complaints left unresolved</p> <p>Reasonable practical measures implemented in design and operation to minimise emissions</p>	Compliant	Atmospheric emissions reported annually as per the National Greenhouse and Energy Reporting Act (NGER) and National Pollutant Inventory (NPI).
8. Minimise impact of noise due to operations	<p>No reasonable stakeholder complaints left unresolved</p> <p>Noise emissions comply with EPA requirements</p>	Compliant	
9. Remediate and rehabilitate operational areas to agreed standards	<p><u>Production Facility Abandonment</u></p> <p>Surface structures are removed and the ground surface re-contoured to approximate pre-existing contours unless alternative agreement is reached with the regulator and stakeholders.</p> <p>Contaminated sites are remediated in accordance with criteria developed with the principles of the National Environment Protection Measure for contaminated sites and in consultation with the EPA</p> <p><u>Pipeline Abandonment</u></p> <p>Attainment of the following (unless otherwise agreed with stakeholders and approved by the regulatory authority):</p> <ul style="list-style-type: none"> • No evidence of waste, redundant equipment /infrastructure or signs and markers on abandoned pipelines • Refer to criteria for contaminated site remediation under this objective (above) 	Compliant	Disused sites will be rehabilitated according to industry standards and Beach procedures and in consultation with the relevant stakeholders.